

INFORMATION REPORT

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SUPPLEMENT TO  
REPORT NO

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SUBJECT 1. Conditions in Lanchou  
2. Improvement of Communications Facilities in  
Northwest China

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INFO.

1. The basic building plan for the extension of the city of Lanchou,<sup>1</sup> both within the city limits and in the suburbs, was formulated by Russians. The construction was let to a contractor, the Hua Ch'ang Company (華昌). It is hoped that all public buildings will be completed by the end of 1952. Private residences are to be built by individuals but must fit in with the pre-arranged plans. Since there are numerous barren hills nearby, many local residents have built cave houses to live in. These are good air raid shelters. According to rumor, the Chinese Communists are preparing to move their capital to Lanchou if World War III breaks out.
2. Business in Lanchou has been more active than formerly. Many branches of Tientsin and Shanghai firms are maintained there but, because of communications difficulties, commodity prices are three to five times higher than those in Tientsin and Shanghai, and commodities are in short supply. Despite this excellent market, government price ceilings have made business profits extremely difficult.
3. In general, the atmosphere in Lanchou has not altered much since the arrival of the Communist regime. The situation has been considerably less tense than in Tientsin or Shanghai.
4. Chinese Communist communications authorities in the Northwest, assisted by Soviet technicians, have sent communications survey teams to various localities to speed the construction of railways, highways and other communications means in the Northwest. By late September another group of communications experts had left Lanchou for Haining (101-49, 36-37) to make surveys all along the route and plan for improving communications between Lanchou and Tsinghai. According to reports in Lanchou, a large-scale arsenal will be constructed in Haining.

1. Comment. [redacted] reported that Lanchou was being expanded to a length of 30 kilometers, was expected to have a population of three to four million people, and that engineering projects were being planned by Soviet experts.
2. Comment. A number of businesses are reported to have moved to Lanchou from Shanghai and other cities. [redacted] reports the movement of two of these companies.

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CLASSIFICATION CONFIDENTIAL

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